

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)	
HENDRON WATER DISTRICT)	CASE NO. 92-422

O R D E R

On October 1, 1992, Hendron Water District ("Hendron") filed its revised tariff sheets with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Hendron purchases its water from the city of Paducah Water Works ("Paducah").

2. Paducah increased its rate for water sold to Hendron from \$1.14 to \$1.21 per 1,000 gallons effective August 28, 1992.

3. Hendron increased the rates to its customers effective September 1, 1992. Based on an average monthly usage of 5,000 gallons, the average bill of Hendron's customers would increase \$0.45 from \$17.95 to \$18.40, or 2.51 percent.

4. During the 12 months ending June 30, 1992, Hendron purchased 168,617,000 gallons of water and sold 137,538,179 gallons of water during the same 12-month period.

5. The purchased water adjustment and rates proposed by Hendron are incorrect in that it did not use the correct proposed

rate in calculating the increase in the cost of water purchased from Paducah.

6. The correct increase in the cost of purchased water is \$11,803.19, resulting in a purchased water adjustment of 9 cents per 1,000 gallons as shown in Appendix B.

7. The purchased water adjustment of 9 cents per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable, and should be approved.

The application to change base rate pursuant to a purchased water adjustment filed by Hendron lists an effective date for the proposed rate increase of September 1, 1992. Hendron's application was filed with the Commission on October 1, 1992. KRS 278.012 and 807 KAR 5:068, Section 3, require a water association to file its revised tariff with the Commission within 20 days of the date it adjusts its rates due to increases in purchased water costs. Thus, water associations are authorized to charge the adjusted rates for a maximum of 20 days prior to filing a revised tariff with the Commission. Therefore, the District's adjusted rates should be made effective September 12, 1992. If Hendron, in fact, increased its rates effective September 1, 1992, it should be required to refund any revenue collected from the increased rates outside the 20 day authorized period.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Hendron are denied.
2. The purchased water adjustment of 9 cents per 1,000 gallons of water in Appendix B and the rates in Appendix A,

attached hereto and incorporated herein, are approved for services rendered on and after September 12, 1992.

3. Within 30 days of the date of this Order, Hendron shall file revised tariff sheets setting out the rates approved herein.

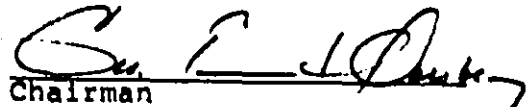
4. Within 30 days of the date of this Order, Hendron shall file a copy of the notice to its customers and verification that such notice has been given.

5. Hendron shall refund to its customers any amount collected under the increased rates for a period longer than 20 days before October 1, 1992. Proof that such refunds have been made shall be forwarded by Hendron to the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, within 60 days of date of entry of this Order. Proof of payment may be demonstrated by copies of canceled checks or by any other means deemed sufficient by the Commission. If Hendron did not charge the increased rates outside the 20 day authorized period, it shall file a certified statement to that effect with the Commission within 20 days of date of entry of this Order.

6. If Hendron disputes that it is required to refund these monies, it shall request a hearing on this matter before the Commission within 20 days of date of entry of this Order.

Done at Frankfort, Kentucky, this 9th day of November, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-422 DATED November 9, 1992.

The following rates and charges are prescribed for the customers in the area served by Hendron Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

5/8 Inch x 3/4 Inch Meter

First	2,000 gallons	\$7.48 Minimum Bill
Next	3,000 gallons	3.64 per 1,000 gallons
Next	5,000 gallons	3.29 per 1,000 gallons
Next	10,000 gallons	2.84 per 1,000 gallons
Next	30,000 gallons	2.74 per 1,000 gallons
Next	50,000 gallons	2.54 per 1,000 gallons
Over	100,000 gallons	2.44 per 1,000 gallons

3/4 Inch Meter

First	3,500 gallons	\$12.94 Minimum Bill
Next	1,500 gallons	3.64 per 1,000 gallons
Next	5,000 gallons	3.29 per 1,000 gallons
Next	10,000 gallons	2.84 per 1,000 gallons
Next	30,000 gallons	2.74 per 1,000 gallons
Next	50,000 gallons	2.54 per 1,000 gallons
Over	100,000 gallon	2.44 per 1,000 gallons

1 Inch Meter

Next	5,000 gallons	\$18.40 Minimum Bill
Next	5,000 gallons	3.29 per 1,000 gallons
Next	10,000 gallons	2.84 per 1,000 gallons
Next	30,000 gallons	2.74 per 1,000 gallons
Next	50,000 gallons	2.54 per 1,000 gallons
Over	100,000 gallon	2.44 per 1,000 gallons

1 1/2 Inch Meter

Next 10,000 gallons
Next 10,000 gallons
Next 30,000 gallons
Next 50,000 gallons
Over 100,000 gallon

\$34.85 Minimum Bill
2.84 per 1,000 gallons
2.74 per 1,000 gallons
2.54 per 1,000 gallons
2.44 per 1,000 gallons

2 Inch Meter

Next 20,000 gallons
Next 30,000 gallons
Next 50,000 gallons
Over 100,000 gallon

\$63.25 Minimum Bill
2.74 per 1,000 gallons
2.54 per 1,000 gallons
2.44 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-422 DATED November 9, 1992.

Gallons Purchased: 168,617,000

Gallons Sold: 137,538,179

Cost at New Rate: 168,617.000 m. gals. x 1.21 = \$ 204,026.57

Less

Cost at Base Rate:
168,617.000 m. gals. x 1.14 = \$ 192,223.38

Increase \$ 11,803.19

\$11,803.19 + 137,538.179 m. gals. sold = \$0.0858 or 9 cents
per 1,000 gallons